Introduction

Vivid but contrasting images come to mind when considering Islamic responses to capitalism. The burning towers of the World Trade Center in New York in September 2001 have become powerful icons of the early twenty-first century, representing for some a violent rejection of the power of global capitalism at the heart of its main marketplace by Muslims who believed they were doing the work of God. Yet images of a different kind of response, less shocking but more substantial, have long been available. Since the 1970s the financial press and then the global media have reported extensively on the rapid growth of Islamic banks and on the opening of Islamic banking facilities by bastions of conventional capitalism such as Citibank and Chase International. Here too the initiative has been justified with reference to distinctively Islamic injunctions.

Both cases, radically different as they are, represent forms of engagement by Muslims with a world shaped by industrial capitalism. Furthermore, both owe much to distinctive debates during the past fifty years or so among Muslim intellectuals who have developed contrasting answers to the question of how a Muslim should act in the world. Those for whom these actions had meaning – self-immolation in an act of merciless violence or the pursuit of ethically sanctioned profit – can draw upon a repertoire of Islamic terms, narratives and prescriptions familiar to many, but assembled in particular combinations according to a logic that is not exclusive to Muslims, let alone to an abstracted ‘Islam’. The fact that those responsible for these contrasting courses of action believe themselves to be acting upon specifically Islamic grounds is not irrelevant, but their actions are also shaped by the economic and political structures with which they are engaging.

Consequently, this book seeks to examine why such different responses can be justified with reference to a repertoire of identifiable Islamic beliefs, and why it can provide Muslims with valid reasons for acting in such contradictory ways. The intention is to understand how those who do not simply happen to be Muslim, but who see themselves as providing guidance and example to other Muslims, have tried to meet the challenges of industrial capitalism. Other studies have done much to illuminate, for instance, Islamic

jurists' writings on aspects of commercial life, financial institutions and the relations of production and markets underpinning a capitalist economy.[1] There are also many original contributions to the study of the encounter between Islamic traditions of thought and those of a predominantly Western European modernity.[2] However, relatively little has been published which assesses the specifically Islamic responses to capitalism as a social and economic phenomenon.[3]

As Braudel has pointed out, the term capitalism is primarily political, first used by some of the harshest critics of a process which, during the industrial revolution, moved out from the relatively restricted commercial and financial fields to colonise all of social and economic life. At its heart lies a series of negations or exclusions, founded upon new understandings of property and labour, and increasingly incorporated into the legal, coercive apparatus of the political order. This process and its formidable defences were condemned by many. Proudhon, for example, characterised capitalism as a regime, founded on private property, in which 'capital, the source of income, does not generally belong to those who make it work through labour'.[4]

As a historical phenomenon, since the seventeenth century the organisation of economic life that became the capitalist system has taken numerous forms, embodied in systems of mass industrial production, in networks of financial institutions and in the organisation of firms. Different countries and different histories have lent to capitalist enterprise in any particular place and time specific aspects, such as attitudes to labour, to the role of the state or to the environment producing considerable and substantial diversity. Furthermore, the ways in which various parts of the world first experienced the beginnings of capitalist enterprise and the transformation of their economies have

[1] See Maxime Rodinson, *Islam and Capitalism* (London, 1974), and Peter Gran, *Islamic Roots of Capitalism* (Austin, TX, 1979).

[2] See Aziz Al-Azmeh, *Islams and Modernities* (London, 1993); Leonard Binder, *Islamic Liberalism* (Chicago, 1988); John Cooper, Ronald Nettler and Mohamed Mahmoud (eds.), *Islam and Modernity* (London, 1998); Hamid Enayat, *Modern Islamic Political Thought* (London, 1982); Albert Hourani, *Arabic Thought in the Liberal Age* (Cambridge, 1962); Fahmi Jad'an, *Usus al-taqaddum 'ind mufakkiray al-islam fi al-'alam al-'arabi al-hadith* (Beirut, 1981); Malcolm Kerr, *Islamic Reform: The Political and Legal Theories of Muhammad Abduh and Rashid Rida* (Berkeley, 1966); Abdallah Laroui, *Islam et modernité* (Paris, 1987).

[3] A notable example of this, however, is the chapter by Joel Beinin, 'Islamic responses to the capitalist penetration of the Middle East', in B. F. Stowasser (ed.), *The Islamic Impulse* (London, 1987). There have also been a number of complex and sound analyses of responses to specific aspects of modern capitalism – especially the banking sector and the underlying principles of the economy – in a distinctively Islamic idiom. See, for instance, most recently, Timur Kuran, *Islam and Mammon – The Economic Predicaments of Islamism* (Princeton, 2004), and Clement M. Henry and Rodney Wilson (eds.), *The Politics of Islamic Finance* (Edinburgh, 2004).

[4] Fernand Braudel, *Civilization and Capitalism 15th–18th Century*, vol. II: *The Wheels of Commerce* (London, 1983), pp. 231–9.

shaped the particular ways in which people have responded and adapted. This, in turn, has led to numerous debates, such as that between Brenner and Wallerstein, concerning the 'essential nature' of capitalism itself.[5]

For the purposes of this study, capitalism is understood as a system of economic life made distinctive by its combination of three spheres – the imaginative, the productive and the institutional. Imaginatively, capitalism has been associated with a view of human rationality which places a premium on individual self-interest, ends–means calculations and a largely utilitarian calculus of benefits. In many respects such a view of economic sociability produces, but has also been constituted by, the ways in which capital itself and its potential has been imagined, whether as raw materials, financial resources, machinery or final product.

These are represented as commodities, without moral ties, capable of being owned as private property, subject to calculation and valued insofar as they contribute to a productive process measured by the margin of profit. This, in turn, is generated by developing consumption, focusing on the satisfaction of individual wants and tying the imaginative construct of the rational, possessive consumer to the growth of the economy. Historically, the formidable power of capitalist enterprise has been seen to work, seeking out markets and profits, creating product innovation through rapid technological development, and proliferating the range of commodities on which the system depends.

These processes have generated institutional innovation, and have transformed pre-existing institutions, such as markets, financial organisations, legal systems and the territorial state. In doing so, capitalism as process and as imaginative construct has become enmeshed in other ways of viewing the world, different legacies and normative systems, making for social conflict and discontinuity, but also encouraging the adaptations which have been so much a feature of the history of global capitalist development.[6] The capacity of capitalism to be reinvented in the wake of the crises to which it has inevitably been prone has been one of the distinctive features of such a system, historically confounding those in the Islamic world and beyond who have seen crisis as the harbinger of self-destruction.

In fact, many of the characteristic features of capitalism have long existed. Some emerged and made sense initially only within a moral and legal universe particular to Western Europe, marked by a distinctive, if changing,

[5] V. D. Lippit, *Capitalism* (London, 2005), pp. 5–12. Robert Brenner, following Marx, argued that the key to understanding capitalism lay in the relationship between property owners and those who only had their labour to sell, whereas Immanuel Wallerstein focused more on the production of commodities for a world market. It was the global range of the market, he claimed, that distinguished capitalism from all previous systems.

[6] Kathryn Dean, *Capitalism and Citizenship: The Impossible Partnership* (London, 2003), pp. 26–9.

epistemology.[7] What is exceptional is the degree to which, during the past three hundred years, they have combined to form the core of a motor-in-history in an unprecedented way. Yet there is much within capitalist practice that can establish affinities with aspects of local cultures. Its colonising power has partly been due to its capacity to disembed practices from pre-existing moral and social constraints, isolating them and recombining them in ways more conducive to acceptance of global capitalist enterprise – an acceptance facilitated by the appearance of familiarity which has been part of the historical changes in attitudes towards profits, commodities and exchange.

For instance, commodities have been present since humans first produced for the purpose of exchange. However, under capitalism, processes of commodification have taken over the lifeworld in ways which are startling in their implications, beginning with labour and ending with the designation of thoughts, ideas and social relations as commodities. This has been made possible by the role of the market, another ancient institution which now holds a position of institutional, even normative dominance without parallel, shaping the imagination of the social world, encouraging further commodification and dictating very particular and in some respects restrictive forms of exchange.[8]

Exchange practices themselves capture much that is distinctive about capitalism. Ideas of exchange form part of a complex web of imagining the world and evaluating it, producing particular business enterprises, legal systems and states to enforce the rules.[9] This is directly relevant to Muslim responses, since rulings on fair exchange are central to all the major juristic schools of Islam. In fact, one can argue that many contemporary Islamic responses to capitalism stem from anxieties about unlicensed or unfair exchange, leading to various strategies devised to 'tame' the process and to make it authentically yet also productively part of an Islamic system, reinforcing, rather than undermining, the solidarities and trust of transactions.

[7] See, for instance, Ruthven's argument about the cultural and religious connection between the Christian idea of the *corpus mysticum*, the development of the fiction of the 'legal personality' from the traditions of Roman law and the emergence of the corporations which were the necessary precursors of the capitalist revolution: Malise Ruthven, *A Fury for God* (London, 2002), pp. 251–7. See also D. Chakrabarty, *Provincializing Europe* (Princeton, 2000), pp. 6–18; R. Dilley (ed.), *Contesting Markets* (Edinburgh, 1992), pp. 3–6; Ellen Meiksins Wood, *The Origins of Capitalism* (New York, 1999), pp. 2–7, 70–8.

[8] Immanuael Wallerstein, *Historical Capitalism* (London, 1996), pp. 14–18;, Antony Giddens, *The Consequences of Modernity* (Cambridge, 1991), pp. 55–61, 79–83, 101–9; Alan Macfarlane, *The Culture of Capitalism* (Oxford, 1987), pp. 225–6; Peter Berger, *The Capitalist Revolution* (Aldershot, 1987), pp. 19–27; T. Bottomore, *Theories of Modern Capitalism* (London, 1985), pp. 6–11; Robert Heilbroner, *The Nature and Logic of Capitalism* (New York, 1985), pp. 137–40; S. Narotzky, *New Directions in Economic Anthropology* (London, 1997), pp. 94–7; Dean, *Capitalism and Citizenship*, pp. 29–36, 88–95.

[9] John Davis, *Exchange* (Buckingham, 1992), pp. 7, 28, 39–45.

For many Muslim intellectuals the key question has been whether symbolic exchange and material exchange are in harmony, and whether appropriate mechanisms can be found to translate like into unlike and vice versa. This has often focused on debates about money, introducing characteristic fears and prohibitions. Both in the Islamic world and elsewhere, the fear is that money, detached from the objects which give it value, has a free-floating, amoral power, representing a serious threat to the social order and the ethical community. It is thus not surprising that in Islamic thought, as in a number of other great ethical traditions, restrictions have been devised to control monetary exchange, attempting to keep it tied to actually existing objects.[10]

These anxieties have also raised the question of the sites of exchange and the nature of what can properly be exchanged – a crucial part of the history and promise of capitalism, but also a major cause for concern in Islamic, as well as other pre-capitalist ethical traditions.[11] In a capitalist system, the market is not only the major site for the exchange of commodities, but becomes the supreme institution and dominant metaphor for most social transactions.[12] Money and the search for profit become the measures of all things, completing the circle of disembodied cash transactions in which ethical constraints are no longer considered part of the process, except prudentially. This model of rationality colonises the ethical world, suggesting that it is the model for a universal rationality, its triumph evident in the ethically sanctioned freeing of 'human nature' to become the agent that will reproduce capitalist enterprise.[13]

The combined force of these processes helps to explain the restless power of capitalism, as well as its capacity to shock pre-existing ideas of the moral economy. In part this is due to the perceived inhumanity of a system that depends so heavily upon the commodification of labour for its power. In part, however, it is also due to its ability to induce those who act and work within its terms of reference to dissolve and reconstitute all social relations, all goods

[10] J. Parry and M. Bloch (eds.), *Money and the Morality of Exchange* (Cambridge, 1989), pp. 2–3. See also Simmel's ambiguity about money as both an instrument of personal freedom, but equally, by the same token, a mechanism of social dislocation that has brought about 'instability, disorder and dissatisfaction': Georg Simmel, *The Philosophy of Money*, ed. David Frisby (London, 1990), pp. 108–30, 399–404.

[11] Arjun Appadurai (ed.), *The Social Life of Things: Commodities in Cultural Perspective* (Cambridge, 1986), 'Introduction', pp. 6–13; Ben Fine and Costas Lapavitsas, 'Markets and money in social theory: what role for economics?' *Economy and Society* 29/3 (August 2000), pp. 360–76; R. Friedland and A. F. Robertson (eds.), *Beyond the Marketplace: Rethinking Economy and Society* (New York, 1990), pp. 6–10; Davis, *Exchange*, pp. 75–8; G. Dalton (ed.), *Primitive, Archaic and Modern Economics – Essays by Karl Polanyi* (Boston, 1968), pp. 107–10.

[12] Dilley, 'Contesting Markets', pp. 10–12, 25–6.

[13] Dilley, 'Contesting Markets', pp. 18–23; Parry and Bloch, *Money*, pp. 4–6; Simmel, *Philosophy of Money*, pp. 429–31, 441–5.

and services, on its own terms. It is not simply that the morally offensive aspects of capitalism provoke, but also that its transformative potential attracts.[14] It is this which helps to explain the ambivalence of Muslim responses to a phenomenon which some see as an existential threat, but others see as an opportunity for Muslims to re-inscribe themselves into world history. For some, such as Tal'at Harb in Egypt in the early 1900s or the 'virtuous capitalists' of the Sarekat Islam in Java, resentment focused more on the non-Muslim identity of those who commanded the system and who had rigged it to serve their own ends. For many, however, the prime concern has been for the moral economy as a whole – often based upon an idealised picture of the past, both recent and ancient. This has prompted efforts in the Islamic world to devise a discourse of equal power that would break the circle of capital–market-exchange–profit–capital which so dominates social life and dictates the culture of exchange under capitalism.

In some respects, this is an idealist and a self-consciously moralising position, dealing less with the structural or institutional mechanics of capitalist enterprise than with the assumptions, values and consequences associated with capitalism as a historical phenomenon. However, whether Muslim or not, people engage with and react to aspects of capitalist practice without necessarily reflecting on capitalism as such, or its moral foundations. Counter-strategies corresponding more closely to people's notions of propriety and trust demonstrate the appeal of other systems, without setting themselves up as alternatives to capitalism itself. One example is the fund transfer system known as *hawalah* (promissory note) practised by many migrant workers from Pakistan, India and Bangladesh. Relying on interpersonal transnational networks of trust, which avoid the formal banking institutions associated with the dominant global capitalist economy, this practice is common among South Asian Muslims. It is, in this sense, a response by Muslims to the conditions of global capitalism. However, it is not a specifically Islamic practice, in the sense of being justified with reference to authoritative texts within any particular Islamic tradition, or of being confined to Muslims alone. In fact, it shares its main features with similar practices found among migrant workers and transnational communities of different backgrounds who nevertheless stand in much the same relation as each other to the dominant powers in the global division of labour.[15]

[14] James C. Scott, *The Moral Economy of the Peasant – Rebellion and Subsistence in South East Asia* (New Haven, 1976), pp. 2–7; Karl Polanyi, *The Great Transformation* (Boston, 2001), pp. 71–80.

[15] For an extensive and thoughtful discussion of *hawalah*, see Roger Ballard, 'A background report on the operation of informal value transfer systems (hawala)', available at http://www.art.man.ac.uk/CASAS/PDF papers/Hawala.pdf, and 'The impact of kinship on the economic dynamics of transnational networks: reflections on some South Asian developments', paper

In this study, however, the main focus will be on those who have tried to understand and to respond to capitalism, and above all to the moral freight of capitalism, from a self-consciously Islamic perspective. Some have confined themselves to publishing their views of how to guard or extend specifically Islamic identities and the interests of the imagined Islamic community in a world where material growth, technological achievement and economic power are not simply divorced from Islamic principles, but may be in conflict with them. Others, theorising about the kind of world that is coming into being, have tried to engage actively with it, or have urged Muslims to do so. Underlying both approaches has been the desire to challenge unthinking acceptance of the way the world is and to alert people to the imbalances of power inherent in forms of capitalist domination.

In this respect, many of the self-consciously Islamic writers have been concerned, like the early Christian socialists, utopian socialists, anarchists and Marxists, to identify not simply the injustice underpinning capitalist practice, but also the processes giving capitalism its power, but possibly contributing to its undoing. Muslim intellectuals have therefore trodden a path influenced by other critiques of capitalism, even while drawing upon resources distinctive of Islamic schools of thought. This has produced a wide variety of responses, reflecting the diversity of contemporary Islamic communities and their engagement with the world. They may all draw upon a broadly similar repertoire of idioms, but how they combine and interpret them will depend on their circumstances and partly also on the imaginative forms and even the normative concerns associated with the emergence of modern industrial capitalism itself. This dialectical logic has influenced the organisation of the responses, and the construction of alternatives, both imaginatively and in practice.

For many of the authors studied here, the problem of capitalism has been seen largely in idealist terms, with a focus on attitudes sanctioning capitalist practice and growth. Thus effective defence is organised around trying to change the assumptions which make these processes seem both normal and even laudable. Many Muslim intellectuals have tried to induce a shift in the way people value social transactions, alerting people to the price they are paying for uncritical engagement with a system that takes no account of their identity, or of the sublime nature of the moral code they must follow as Muslims. The aim has been to make individual Muslims impervious to the material attractions of a profit-oriented system of economic life, leading some to stress the moral regeneration of the individual. Others, however, with a

presented to a workshop on Transnational Migration, Princeton University, 29 June – 1 July 2001, available at http://www.transcomm.ox.ac.uk/working-papers.htm; also Mohammad El-Qorchi 'Hawala', *Finance and Development* 39/4 (December 2002), available at http://www.imf.org/external/pubs/ft/fandd/2002/12/elqorchi.htm.

more collective understanding of the task, have tried to imagine how the community as a whole could organise to disrupt the historical trajectory of what seems to be an all-conquering economic system.

However, the Islamic social critics, fearful of what capitalism was doing to their communities and their values, were faced by a double challenge. On the one hand, their views of society, social cohesion and public utility were informed by the very categories that had made possible the imagination of a world transformed by the expansion of capital, the organisation of human labour and the calculation of social utility. They tried to reclaim these for a distinctive Islamic order, but their reasoning was often vulnerable to the influence of that which they were seeking to criticise. Interpretations of Islamic obligations were coloured, often shaped, by these same imaginative constructions. As with other proposed alternatives to capitalism, their visions seem less like radical alternatives, and more like projects competing on the same terrain, judged therefore by broadly similar criteria.[16]

The consequences of this invasive logic were even more obvious in those projects which moved from the purely imagined sphere to that of practical action. An imagined alternative can at least be presented as under normative control. This form of reasoning, sometimes circular and often apologetic, can prevent the putative consequences from deviating from accepted Islamic values. However, in the search for effective social agency, the problem of an extraneous logic of action shaping the outcome is much greater. This is well exemplified by the delight with which gold markets welcomed the call for Muslims to return to the use of the gold dinar by the transnational Islamist group, al-Murabitun. Its spokesmen saw it as an alternative currency that would unite Muslims and undermine the financial system of modern capitalism, but the effect was simply to boost demand for a highly marketable commodity within the existing system.[17]

This is an extreme form of a more general dilemma facing Muslim intellectuals, leading to different forms of engagement. Some came to believe that the modern state, suitably directed towards the fulfilment of Islamic goals, would be the best mechanism for establishing an effective Islamic alternative, but they often found themselves entangled in the secular logic of the state. Whether those who ruled the state were using appeals to Islamic tradition

[16] Appadurai, *The Social Life of Things*, pp. 13–16; Robert Heilbroner, *Behind the Veil of Economics* (New York, 1988), pp. 189–99; Jon Mulberg, *Social Limits to Economic Theory* (London, 1995), pp. 12–35; Louis Dumont, *From Mandeville to Marx: The Genesis and Triumph of Economic Ideology* (Chicago, 1977); see also Baudrillard's critique of Marxism in Jean Baudrillard, *The Mirror of Production*, tr. Mark Poster (St Louis, Mo, 1975).

[17] Bill Maurer, *Mutual Life, Limited: Islamic Banking, Alternative Currencies, Lateral Reason* (Princeton, 2005), pp. 122–35; report of Granada conference, published 12 July 2003, available at http://news.bbc.co.uk/go/pr/fr/-/1/hi/world/europe/3061833.stm.

cynically or with fierce conviction, the outcome was similar. In the final analysis, the determination to strengthen the state as an apparatus of power both vis-à-vis its associated society and the outside world, and the pressing short-term calculations of political advantage, tended to override larger and more far-reaching ethical concerns. Thus, prudential considerations, in which prudence is measured by the relative success of engaging with the world as it is through the medium of the nation state and the national economy, began to outweigh all other considerations for those preoccupied with the material forms of power. However, politically, this has led to critical engagement with the state, as idea and as apparatus – engagement which has taken such diverse forms as the violent rejectionism of Al-Jama'at al-Islamiyah in Egypt or the acceptance of the free-market, parliamentary republic in Turkey by the Adalet ve Kalkinma Partisi (AKP).

A similar argument could be made for those who looked to the creation of distinctively Islamic financial institutions as a way of harnessing economic growth for the benefit of the Muslim community at large. These institutions took two directions. Either they became the institutions of national economies, such as the Iranian banking system, which, whilst they undoubtedly benefited those Muslims within the jurisdiction of the state, although by no means all equally, became a recognisable subsidiary of a global economy that owed nothing to distinctively Islamic principles or practices. Alternatively, they developed as private financial institutions, initiating the dynamic expansion of Islamic banking witnessed since the 1970s and providing Muslims with ethically sound vehicles for full participation in global markets of capital and commodities. In both cases, the response to the dominant capitalist order has been distinct, but largely integrative in effect. For the many who have participated in these activities or who have justified them in the terms of Islamic jurisprudence, they have provided one answer to the question of how to lead a good Muslim life in the world of capitalist modernity.

However, there have been other responses, drawing equally upon traditions of Islamic jurisprudence. Faced by the power of these examples and the transformations embraced by their fellow Muslims, a number of intellectuals developed responses that were primarily symbolic. They have been troubled not simply by capitalism, but also by a subversive rationality grounded in the assumptions and norms which made capitalism both thinkable and desirable. They have responded in ways which aim for autonomy and ethical self-sufficiency, drawing upon a repertoire familiar to Muslims and invoking a value system that does not depend for its validation upon the working out of 'Islamic' institutions upon a terrain already demarcated by capitalism itself.

This remains an aspiration for those who insist on the impossibility of synthesis between Islamic and non-Islamic values. It has led to attempts to create a 'guarded sphere' as an imaginative and social construct within which

an ideal of Islamic life can be led under the oversight of those who can unfailingly distinguish right from wrong, the Islamic from the un-Islamic.[18] The ideal and the practical aspects of this response come together in the role conferred on women and in the institution of the 'Islamic family' – spheres represented as insulated from the world and claimed, therefore, as the foundation of an authentically Islamic response to that world. For others, the symbolic response can imply spectacular violence, the violent act represented as a way of jolting out of their complacency those who have been co-opted unthinkingly or have taken for granted the way the world is constituted.

However, the 'symbolic turn' cannot wholly escape from the logic of practice and the requirements of acting effectively in the world. In the case of the 'guarded sphere', it becomes difficult to sustain the assumption that Muslim women can be ascribed a purely symbolic and homogeneous identity, conferred upon them by male coreligionists. Even where Muslim women have themselves subscribed to part of this narrative, they have increasingly seen themselves as actors in their own right, able to determine their own forms of engagement with the world through state institutions, property ownership or economic enterprise. The power of worldly engagement takes over, seized by women who, although fully aware of their Islamic identities, understandably refuse to see themselves simply as ciphers in a repertoire of symbols devised by men.

Similarly, a paradox arises in connection with symbolic violence. Its effective organisation requires structure, motivation and mobilisation – all of which may depend upon a range of other contexts and processes. Furthermore, the symbolic does not come out of a vacuum. On the contrary, it forms part of a communicative system which may itself be subject to rules that make it less autonomous than may be supposed by the protagonists. The idiom will be shaped to some degree by the situation which calls for a distinctive response.

In order to understand the dynamics and the dilemmas faced by Muslim intellectuals in mapping out alternatives to the dominant capitalist order, the contours of their discourse must be determined. Capitalism has not been a problem that has engaged all the major thinkers of the contemporary Islamic world, many of whom have paid scant attention to capitalism as such, even if most have dealt with aspects of social interaction and power relations integral to the phenomenon of capitalist expansion and colonisation. However, during the twentieth century there emerged a significant number of Muslim intellectuals who were often influenced by each other's writings, even though they

[18] More ambitiously, the Taliban tried to make the whole of Afghanistan a 'guarded sphere' with predictably disastrous and self-defeating results – see Ahmed Rashid, *Taliban: The Story of the Afghan Warlords* (London, 2001).